

IBA MAJOR ACCOMPLISHMENTS JULY 2008 – JUNE 2009

FY 2009 Budget Monitoring

Our office plays a critical role in monitoring the budget throughout the course of the fiscal year. Notable results of work in this area include preventing the closure of seven branch libraries and nine recreation centers in the mid-year reduction process and identifying resource alternatives which helped keep these facilities open and were also used to help balance the FY 2010 budget. Major reports include:

- “FY 2009 Statement of Budgetary Principles” (7/16/08)
- “State of California 2008-2009 Budget Impacts” (9/22/08)
- “City Comptroller's FY 2008 Year-End Report” (9/22/08)
- “FY 2009 Budget Status and Plan of Action” (10/14/08)
- “Preliminary IBA Review of Mayor's Proposed FY 2009 Budget Adjustments” (11/10/08)
- “Recommended Actions on FY 2009 Budget Adjustment Proposal” (11/17/08)
- “Review of Fringe Benefits Rate” (2/24/09)
- “Review of FY 2009 Mid-Year Budget Monitoring Report” (3/6/09)
- “Review of Fiscal Year 2009 Year-End Budget Monitoring Report” (5/7/09)

FY 2010 Budget Development

One of the primary duties of our office is to assist the City Council in the annual budget development process through our preliminary and final reviews of the Mayor's proposed budget, our proposals for modifications to the Mayor's budget, conducting follow-up research, and actively participating in all budget hearings and community forums. This year our office also developed the citizen survey that was utilized for “San Diego Speaks,” reported the results to the Budget Review Committee, proposed the final list of FY 2010 City Council Fiscal Reforms for Council review and approval, including the creation of a citizen's task force.

- “Review of FY 2010 Legislative Budget Process” (12/31/08)
- “Results of San Diego Speaks: Community Input Process” (3/26/09)
- “Proposed Legislative Hearing Process for FY 2010 Budget” (3/25/09)
- “IBA Review of the FY 2010 Proposed Budget” (4/28/09)
- “Further Discussion of FY 2010 Council Budget Ideas” (5/14/09)
- “Storm Water Department Fiscal Year 2009 Spending Plan” (5/21/09)
- “Fiscal Year 2010 Final Budget Report and Recommendations” (5/29/09)

Business Process Reengineering (BPR)/Managed Competition (MC)

The IBA evaluated and reported on the results of five completed BPR studies:

- “Review of Information Technology Business Process Reengineering (BPR)” (10/12/06)

- “Human Resources/Personnel Business Process Re-engineering (BPR)” (10/12/06)
- “Environmental Services Department Business Process Reengineering” (1/19/07)
- “IBA Review of Metropolitan Wastewater Department BPR” (5/18/07)
- “Storm Water Pollution Prevention Business Process Reengineering Study” (7/9/08)

The IBA also monitored the effectiveness of BPR and MC processes; worked to ensure the role of the City Council; and recommended improvements as determined necessary. Major reports in this category include:

- “Action Items for Managed Competition and Business Process Reengineering” (7/16/08)
- “Preliminary Statements of Work” (7/25/08)
- “Update on Amendments to the Managed Competition and Business Process Reengineering Ordinances” (9/4/08)

Redevelopment Matters

The IBA has played a leadership role in developing and advancing revisions to SEDC and CCDC operating agreements; monitoring Redevelopment Agency budget proposals and issues (including securing CCDC funding to repay PETCO Park debt); and providing an overview of outstanding Redevelopment Agency debt as represented in the following major reports:

- “An Overview of Redevelopment Agency Debt” (10/9/08)
- “Recommended Changes for SEDC Operating Agreement” 1/13/09)
- “Update on SEDC Performance Audit Follow-Up” (2/26/09)
- “Status of SEDC and CCDC Performance Audits” (3/3/09)
- “Second Amendment to Ballpark Cooperation Agreement” (3/5/09)
- “SEDC and CCDC Operating Agreements Matrix” (3/17/09)
- “Proposed Changes to SEDC and CCDC Operating Agreements as of March 25, 2009 Rules Committee Meeting” (4/2/09)
- “IBA Review of Proposed Changes to SEDC and CCDC Operating Agreements” (4/16/09)
- “Redevelopment Agency (RDA) FY 2010 Budget Adoption” (6/5/09)
- “Tax Allocation Bond Issue for the North Park Redevelopment Project Area” (6/19/09)

Water and Wastewater Issues

Our office has researched, reviewed and made recommendations on numerous water and wastewater issues, including debt financing proposals; proposed water allocations; and proposed water rate increases to name a few. The following are major reports that fall in this category:

- “Proposition 218 Noticing for Water Rate Increases Related to the County Water Authority Pass-Through and the Indirect Potable Reuse Demonstration Project” (9/3/08)

- “Update on Proposed Municipal Water and Sewer Bonds” (10/14/08)
- “2009 Water System Bonds” (10/24/08)
- “Wastewater System: Authorizing the Issuance of Sewer Revenue Bonds and Sewer Refunding Bonds” (3/6/09)
- “Options for Water Use Reduction” (3/23/09)
- “Proposed Water Allocation Methodology” (4/14/09)
- “Water Efficient Landscape Ordinance” (6/18/09)

Audit Committee/City Auditor Issues

Our office developed and carried-out the following processes to implement new Proposition C measures approved by the voters June 2008:

- Process for appointing the two financial experts to serve on the Screening Committee for appointing the public Audit Committee members. [Report: “Implementing Proposition C: Appointing Two Outside Financial Experts to Serve on the Screening Committee” (7/23/08)]
- Process for Council appointment of the three public members of the Audit Committee. [Report: “Appointment Process for New Public Audit Committee Members” (12/18/08)]
- Process for appointment of the new independent City Auditor. [Reports: “Process for Appointment of an Independent City Auditor” (3/4/09) (4/8/09)]

The IBA managed the process for hiring and administering the outside Auditor agreement for the FY 2008 CAFR audit. We also managed the RFP process resulting in the five-year outside Auditor agreement for FY 2009 – FY 2013 CAFRS. Major reports in this category include:

- “Compensation for Outside Auditors” (9/5/08)
- “Proposed Agreement with Macias Gini & O’Connell to provide Outside Audit Services for Fiscal Years 2009 through 2013” (5/19/09)

Equal Opportunity Contracts

At the direction of the City Council, our office worked with the Mayor’s office, City Attorney’s Office, and the Personnel Department to update Council Policy 300-10. At the September 22, 2008 City Council meeting, the following recommendations to Council Policy 300-10 were approved by the Council:

- Requires the Administration Department Director to submit quarterly reports to Council Committee detailing the goals, progress and strategies of the EOC program for review and approval.
- Reaffirms the responsibilities of the Citizens Equal Opportunity Commissions (CEOC). In addition, requires CEOC to regularly update their bylaws and establish timelines for submitting its quarterly reports. The existing policy did not include this language

The IBA issued two reports on the SCOPe Program and continues to be actively involved in the monitoring of the EOC program.

- “Equal Opportunity Contracting Program - Final SCOPe Recommendations/Bi-Annual Statistics” (9/18/08)
- “Equal Opportunity Contracting Program - SCOPe Waivers” (10/15/08)

CDBG

At the direction of the PS&NS Committee, a working group was established to review the City’s current CDBG allocation process and make recommendations for the FY 2011 process that is based on best practices. This working group is co-chaired by Councilmembers Tony Young and Todd Gloria and includes representatives from the Mayor’s Office and the Office of the Independent Budget Analyst.

As of July, the working group is meeting weekly with the goal of making recommendations to the PS&NS Committee in September for the FY 2011 allocation process. The IBA continues to be an active participant in the City’s attempt to reform our CDBG process to ensure compliance with national guidelines as outlined in the Inspector General’s report to the City.

- FY 2010 Community Development Block Grant & Emergency Shelter Grant Programs Funding Appropriations (2/20/09)

Pension/Retiree Health

The IBA worked with the City Attorney’s Office and SCERS to develop amendments necessary to permanently eliminate the Waterfall practice within the pension system.

- “The Waterfall (Amendments to the San Diego Municipal Code Eliminating the Surplus Undistributed Earnings [“Waterfall”] Relating to the City Employees’ Retirement System)” (7/9/08)

Our office also helped facilitate reform of retirement benefits for new hires and prepared a discussion paper on defined contribution plans for Retiree Health as an alternative to defined benefit plans.

- “Ballot Measure: Retirement Benefits Reform” (7/9/08)
- “Retiree Health As a Defined Contribution Plan” (3/9/09)

Future Budget Planning/Structural Budget Deficit

Our office reviewed the Mayor’s Five-Year Outlook update and made several revisions to the baseline in order to arrive at a more accurate and consistent deficit projection. We also identified a number of potential corrective actions to address the projected shortfalls. Budget balancing scenarios were provided to illustrate the types of corrective actions that may need to be employed to resolve deficits of such significant magnitude.

- “Review of Five-Year Financial Outlook and Budget Balancing Scenarios” (1/15/09)
- “Survey of Stormwater Funding Methods in Select California Cities” (3/2/09)

User Fee Cost Recovery

Our office has strongly advocated for an updated fee policy; a user fee analysis; and fee revisions to achieve greater cost recovery.

- “Mills Act Program Reforms and Cost Recovery Fees” (11/21/08)
- “General Fund User Fee Policy” (2/23/09)
- “General Fund Proposed User Fee Revisions” (4/17/09)

General Fund Financing Proposals

The IBA reviews all City financing proposals and issues reports to discuss elements or considerations associated with proposed financings that may not have been addressed in the staff reports. We issued the following reports in FY 2009 for General Fund supported financing proposals:

- “First Amendment to the Master Lease Agreement with IBM Credit LLC” (4/9/09)
- “Master Lease Agreement with Banc of America Public Capital Corporation” (5/29/09)
- “FY 2010 Tax and Revenue Anticipation Notes (TRANs)” (6/5/09)

Council Financial Training

Our office assisted the Council President in providing orientation training for Council Members-Elect in November 2008. In addition to providing an overview of our office, we organized a presentation on City debt and financial disclosure. The City Council adopted Resolution R-302243 in December 2006 to implement a comprehensive financial training program as recommended in IBA Report #06-59. The IBA organized Securities Law Disclosure Training in March 2009 in keeping with Council’s financial training program and has additional trainings planned for FY 2010.

- Council Members-Elect Orientation Training (11/13/08)
- Securities Law Disclosure Training for the City Council (3/2/09)

IBA Policy Matrix

Each year our office has maintained, monitored and updated the status of ideas and proposals that were identified by the IBA and Council during the budget process, but required additional research. Many items were brought to the various Council committees for updates and direction throughout the year. We presented yearly status updates to the Budget and Finance Committee in July 2008 and June 2009.

- “FY 2009 IBA Policy Matrix” (6/16/08)
- “FY 2009 IBA Policy Matrix Update” (6/11/09)

The Council list of Fiscal Reforms will replace the matrix for FY 2010.

Responses to Grand Jury Reports

The IBA developed and issued responses on behalf of the City Council to six Grand Jury reports:

- “Waste Not, Want Not – Recycle Now!” (7/16/08)
- “A Warmer World – A Challenge and an Opportunity” (8/19/08)
- “Fox Canyon and Wightman Street: A Tale of Two City Parks in Extremis” (8/19/08)
- “San Diego City Attorney’s Office” (9/2/08)
- “The Fire Next Time – Will We Be Ready?” (9/2/08)
- “CCDC: What Does It Develop and With Whose Money?” (9/3/08)

A response to a seventh Grand Jury Report “Time for Repeal of the People’s Ordinance,” is pending Rules Committee review.

Other Significant Issues

In addition to specific subject areas, the IBA completed additional research and analysis on these significant projects on issues that came before the Council or the committees:

- “Ballot Proposition Amending the City Charter to Designate the Use of Lease Revenues from Mission Bay Park” (7/25/08)
- “Proposition A: San Diego County Regional Fire Protection Ballot Measure” (10/8/08)
- “Proposed Amendments to the Municipal Code related to the City’s Living Wage Ordinance” (10/20/08)
- “Civic Center Complex” (6/5/09)
- “San Diego New Main Library - Letter of Intent with SDUSD” (6/23/09)
- “Proposal for Main Library: Letter of Intent and Status Update” (7/2/09)